

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 Enrolled - Revised

House Bill 403  
 Appropriations

(Delegate Jones, *et al.*)

Budget and Taxation

**Community Colleges - Facilities Renewal Grant Program - Established**

This bill establishes the Community College Facilities Renewal Grant (CCFRG) program within the Maryland Higher Education Commission (MHEC) to provide grants for improvements, repairs, and deferred maintenance projects at community colleges, including Baltimore City Community College (BCCC). Grants provided by the program are in addition to and may not supplant funds provided by the Community College Construction Grant program. Each year beginning in fiscal 2019, the Governor must appropriate 5% of the annual appropriation for the Community College Construction Grant program to the new CCFRG program. **The bill takes effect July 1, 2018.**

**Fiscal Summary**

**State Effect:** Pay-as-you-go (PAYGO) general fund expenditures increase by \$3.0 million in FY 2019 and 2020 and by \$4.0 million beginning in FY 2021. MHEC can implement the grant program with existing budgeted resources. BCCC is eligible for grants under the program (not reflected below). No other effect on revenues. **This bill establishes a mandated appropriation beginning in FY 2020.**

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
PAYGO GF exp	3.0	3.0	4.0	4.0	4.0
Net Effect	(\$3.0)	(\$3.0)	(\$4.0)	(\$4.0)	(\$4.0)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Community colleges are eligible for up to \$3.0 million in facility renewal grants in FY 2019 and 2020 and up to \$4.0 million beginning in FY 2021. The bill does not require them to provide any matching funds for the grants, so there is no other effect on expenditures by local community colleges.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** Eligible projects that may receive funding from the CCFRG program include improvements, repairs, and deferred maintenance projects with a total estimated cost equal to or less than \$1.0 million that have been submitted to MHEC as part of an annual master plan or 10-year master plan. The bill requires MHEC to adopt regulations to implement the program.

Community colleges must submit applications for program grants by September 1 of the preceding fiscal year. The commission may make up to eight grants in each fiscal year. A community college may not receive grants in consecutive years, but if a community college does not request funds in a given year, it may not receive a grant until the second following fiscal year.

A community college may receive multiple grants in a year, but it may not receive a total of more than \$500,000 in a fiscal year. If total appropriations to the program are less than \$4.0 million in a fiscal year, equal grants must be given to each community college that is eligible for a grant.

**Current Law:** The Community College Construction Grant program provides grants for capital improvements to Maryland's local community colleges; as BCCC is a State agency, it is not included in the program and receives separate capital improvement funding. Applications for grants are submitted simultaneously to MHEC and the Department of Budget and Management (DBM). DBM recommends grant awards to MHEC. The recommended projects are included in the Governor's capital budget bill submitted to the General Assembly. All grants under the program must be approved by the Board of Public Works.

Except for regional community colleges, grant awards under the Community College Construction Grant program cover between 50% and 70% of total design and construction costs for a project, including site acquisition and development costs. For regional community colleges, the grants cover 75% of project costs.

The General Assembly can mandate an appropriation to the operating budget of any State agency, but it can only do so for fiscal years following the next fiscal year.

**Background:** The Community College Construction Grant program is funded entirely by general obligation (GO) bonds in the capital budget. The fiscal 2019 capital budget includes \$60.1 million in GO bond revenue for the program. The projected funding level for fiscal 2020 is \$60.0 million and then \$80.0 million for fiscal 2021 through 2023. The Maryland Association of Community Colleges submits a prioritized list of projects to DBM and MHEC for approval each year.

**State Expenditures:** The bill requires that the Governor appropriate 5% of the appropriation for the Community College Construction Grant program to the new CCFRG program beginning in fiscal 2019. This analysis assumes that funding is included in the operating budget for the program beginning in fiscal 2019 even though the mandated appropriation does not take effect until fiscal 2020. As the bill mandates an appropriation to MHEC's *operating* budget, it is assumed that PAYGO general funds are used.

Based on projected funding levels for the Community College Construction Grant program in the 2019 *Capital Improvement Program*, the appropriations for CCFRG are \$3.0 million in fiscal 2019 and 2020, and \$4.0 million in fiscal 2021 through 2023. MHEC can implement the program with existing resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 595 (Senator King, *et al.*) - Budget and Taxation.

**Information Source(s):** Maryland Higher Education Commission; Baltimore City Community College; Department of Budget and Management; Department of Legislative Services

**Fiscal Note History:** First Reader - February 12, 2018  
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